



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

INFORMATIONAL LETTER NO. 827

August 5, 2009

TO: Iowa Medicaid Certified Nursing Facilities

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise

RE: Nursing Facility Rates Effective July 1, 2009

REBASE

Current regulations require the Iowa Medicaid Enterprise (IME) to rebase nursing facilities every two years. Effective July 1, 2009, nursing facility rates will be based on Financial and Statistical Reports for the fiscal year ended during calendar year 2008. Base year costs will be inflated based on the Total Skilled Nursing Facility Market Basket. The inflation factor shall be adjusted to ensure estimated expenditures do not exceed amounts appropriated by the legislation.

In order to apply the changes in the inflation factor a State Plan amendment must be filed with the Centers for Medicare and Medicaid Services (CMS). Therefore, the nursing facility rates effective July 1, 2009, will not be implemented until the Department of Human Services (DHS) has received approval of the State Plan Amendment (SPA) from CMS. Therefore you will continue to be paid at your April 1, 2009, rate until the State Plan Amendment to implement the July 1, 2009, rate changes has been approved by CMS.

Upon notification from CMS that the State Plan Amendment has been approved, your July 1, 2009, rate will be entered into the MMIS Claims Processing System and a mass adjustment will be completed to re-price claims already submitted with dates of service on or after July 1, 2009. At that time, your remittance will include an adjustment to make your rate change retroactive to July 1, 2009.

At this time, there are still Financial and Statistical Reports under review. As soon as these cost reports have been reviewed your per diem rate worksheet for the rate effective date of July 1, 2009, will be provided. This will allow you to compare your July 1, 2009, rate to your April 1, 2009, and begin making any necessary arrangements if the mass adjustment will result in an overpayment to be owed to the state.

ACCOUNTABILITY MEASURES

Provisions of HF-811 require changes to the accountability measure add-on by providing different benchmarks and measures for additional reimbursement based on quality of care.

Currently, each July 1, the IME determines which nursing facilities qualify for additional Medicaid reimbursement based on points awarded in 10 accountability measures, adjusted based on the scope and severity of deficiencies pursuant to the federal certification guidelines. The additional Medicaid reimbursement is disbursed to each qualifying nursing facility as an accountability measure payment at the end of each state fiscal year. Effective July 1, 2009, the accountability

measure will be renamed the nursing facility pay-for-performance program (PFP). Under HF-811 the pay-for-performance payment determination of which nursing facilities qualify for additional Medicaid reimbursement will be calculated at the end of the payment period (state fiscal year) and will be effective retroactive to the first day of the payment period. The additional payment will continue to be disbursed to each qualifying nursing facility at the end of each payment period. The pay-for-performance payment component shall be suspended for any month the nursing facility is denied payment for new admissions.

The pay-for-performance payment will be based upon a nursing facility's achievement of multiple favorable outcomes as determined by established benchmarks. The pay for performance benchmarks will include four domains: 1. Quality of Life; 2. Quality of Care; 3. Access; 4. Efficiency. A copy of the public notice that details the pay-for-performance payment standards can be downloaded on the IME website at:

<http://www.ime.state.ia.us/Providers/Forms/NursingFacilityRates.html>

Some of the measures will be self-reported by each facility. Attached is a DRAFT copy of the reporting mechanism, form 470-4828, *Nursing Facility Medicaid Pay-for-Performance Self-Certification Report*. When the report is finalized, an informational release will be sent along with the final report and instructions on completion and submission.

Should you have any questions, please contact the IME Provider Cost Audit and Rate Setting Unit at (515) 725-1108 or (866) 863-8610, or via e-mail at costaudit@dhs.state.ia.us.